

# “AN INSIGHT INTO THE CAUSES AND MITIGATION ACTIONS AGAINST ALARMING ATTRITION FACED BY BPO SECTOR IN NAGPUR CITY”

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## ABSTRACT

Employee attrition is the rate at which organizations and/or company's hiring and fire employees to either represent their firm or leave their firms. It also referred to the employee turnover rate. The research is about impact of alarming employee attrition on Indian BPO's and the mitigation actions to prevent Attrition. An alarmingly high attrition level is hurting the India based business process outsourcing (BPO) industry and is negatively impacting both its demand (buyers/clients) and supply (service provider) sides. The topic of attrition is receiving daily media attention, and the complexity of the issue can be confusing to businesses that are interested in investigating off shoring work to India.

This study is conducted to find out the predominate factors that causes high employee attrition in BPO sector and to find out the ways to control attrition. This study was carried out in BPO companies in Nagpur city. In this study feedback of structured questionnaire from 100 employees were taken for the analysis.

**Keyword:** Attrition, Retention, Employee Problems, Outsourcing, Work Life Balance IT And ITES

## I] INTRODUCTION:

### 1.1 What is BPO?

BPO or Business Process Outsourcing refers to the rearrangement of entire business functions to some other service providers, mainly in low cost locations. The service provider may be either self-owned or a third party. This relocation or contracting out of business processes to an outside provider is mainly to achieve increased shareholder value.

Some of the general services provided by the BPOs are Receivables and Payables, Inventory Management, Order Processing, Budget Analysis, Cash flow Analysis, Reconciliation, Data Entry, Payroll Processing, QuickBooks Accounting, Financial Statement Preparation and Accounting Services. Some of the web based services include live online sales and order entry, E-commerce transaction support, Live online enquiry handling, web Design/Development.

Here it is important to note that though BPO may include both IT management and business operations. Business operations include relocating functions such as payroll, accounting, billing or even real estate management to a third party. Invariably all these business processes depend on IT but they are separate from hard-core IT operations like data center activities or network administration. An important facet of business process outsourcing is its ability to free corporate executives from some of their day-to-day process management responsibilities and duties.

In the ITES/BPO sector, voluntary turnover is reaching alarming proportions. It becomes very important to study this questionable nature of large-scale attrition, as India houses a large no Of ITES/BPOs. An attempt has been made in this research to investigate on the employee turnover of ITES/BPO sector in India. Analysts believe that India remains a vital destination for outsourcing and expect its annual GDP to grow for the next decade. In addition, outsourcing efforts to India are held up as an effective remedy for concerns about both Chinese government policy and labour force issues, such as increasing costs and shortages.

## 1.2 BPO SECTOR IN INDIA

Bpo Sector in India BPO in India became familiar with, Business Process Outsourcing only in the early and mid 1990's, but now the entire country seems to be quivering with the BPO fever'. In spite of its fresh arrival on the Indian picture, the industry has grown-up and become a very significant part of the export oriented IT services and services model. While it originally began as a facility targeted at multinational companies, today it has developed into a broad based business stage backed by leading Indian IT software and service organizations and third party service providers. The foreign direct investment (FDI) in the country owes a lot to this sector, which is progressing at a break-neck speed. The different kinds of services offered by BPO's include Customer Support, Technical Support, Telemarketing, Insurance Processing, Data Processing, and Internet/Online/Web Research and so on.

## 1.3 SERVICES OFFERED BY INDIAN BPO COMPANIES:

Indian BPO companies offer varied services, such as, customer support, technical support, telemarketing, insurance processing, data processing, forms processing, bookkeeping and internet / online / web research.

1. Customer support services: 24/7 inbound / outbound call center services that address customer queries and concerns through phone, email and live chat.
2. Technical support services: Installation, product support, running support, troubleshooting, usage support and problem resolution for computer software, hardware, peripherals and internet infrastructure.

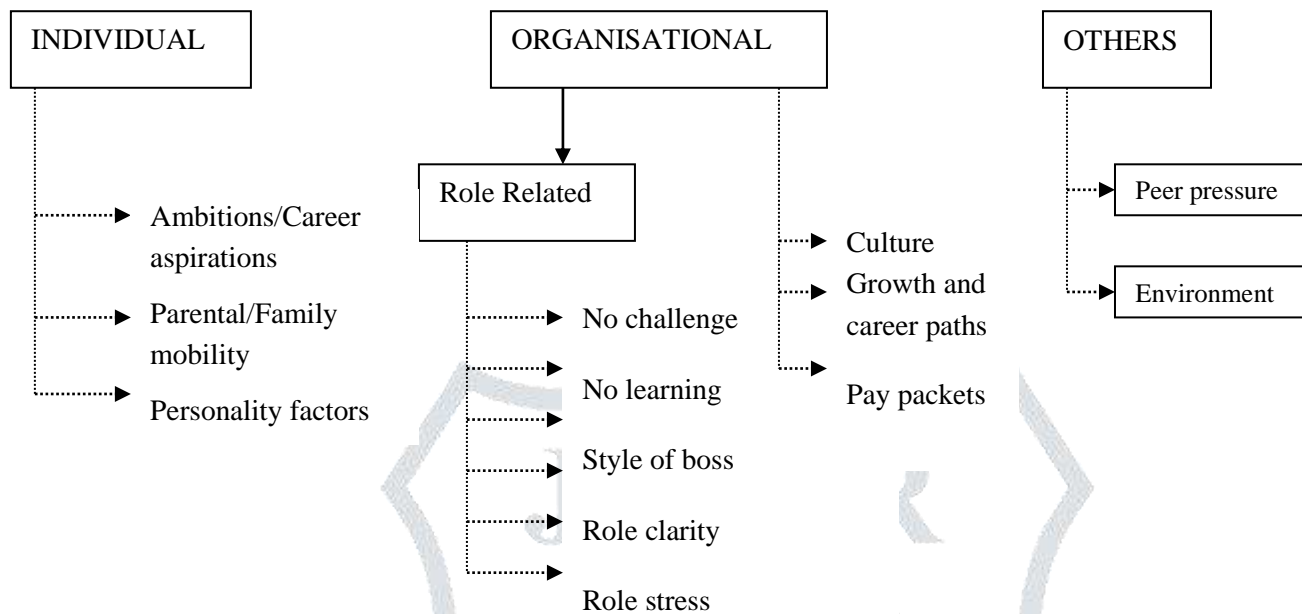
3. Telemarketing services: Interacting with potential customers and creating interest for the customer's services/ products. Up-selling, promoting and cross selling to existing customers and completing online sales processes.
4. IT help desk services: Level 1 and 2 multi-channel support, system problem resolutions, technical problem resolution, office productivity tools support, answering product usage queries and performing remote diagnostics.
5. Insurance processing: New business acquisition and promotion, claims processing, policy maintenance and policy management.
6. Data entry and data processing: Data entry from paper, books, images, e-books, yellow pages, web sites, business cards, printed documents, software applications, receipts, bills, catalogs and mailing lists.
7. Data conversion services: Data conversion for databases, word processors, spreadsheets and software applications. Data conversion of raw data into PDF, HTML, Word or Acrobat formats.
8. Bookkeeping and accounting services: Maintenance of the customer's general ledger, accounts receivables, accounts payables, financial statements, bank reconciliations and assets / equipment ledgers.
9. Form processing services: Online form processing, payroll processing, medical billing, insurance claim forms processing and medical forms processing.
10. Online research: Internet search, product research, market research, surveys, analysis, web research and mailing list research.

#### 1.4 DEFINING EMPLOYEE ATTRITION:

“Employee attrition is the rate at which organizations and/or company's hiring and fire employees to either represent their firm or leave their firms. It also referred to the employee turnover rate.”

"A reduction in the number of employees through retirement, resignation or death"

## FACTORS AFFECTING ATTRITION



## 2] LITERATURE REVIEW

2.1 In India the BPO sector is one of the fastest growing sectors contributing major share to our Gross Domestic Product. Factors such as economy of scale, cost advantage and superior competency have all lead to the growth of the BPO Industry in India. The BPO Boom in India can be credited to cheap labor cost, huge talent pool of skilled and English Speaking professionals availability. The Report of NASSCOM has revealed that the geographic location and investor friendly tax structure in India have all made the one of the shining sectors and popular. This poses a great challenge for Human Resource Professionals to retain the talented and skilled workforce and maintaining a consistency in the performance. HR manager has been facing various problems in general and retaining quality staff in general. identifying the various factors that lead to employee attrition and explaining the importance of sound organizational policies. Challenges for hr managers to retain the employees working in BPO industry IRACST – international journal of commerce, business and management (IJCBM), ISSN: 2319–2828 vol. 3, no. 2, APRIL 2014

2.2 Alka Raghunath Dr. Murli Dhar Panga BPO is one of the popular business practices in today's competitive environment. India has enormous opportunities emerging from globalization and consequent lowering of tariff barriers. The Indian BPO industry is constantly growing. However, along with the Phenomena Increase in BPO to India there has been a backlash against outsourcing. Information Technology has given India formidable brand equity in the global markets. Indian BPO companies have a

unique distinction of providing efficient business solutions with cost and quality as an advantage by using state of art technology. In this research paper they explains about overview of BPO industry in India comparative strength, weakness, opportunities and threats Indian BPO industry. Problem and Prospects of Indian BPO Sector ISSN: 2277-4637 (Online) | ISSN: 2231-5470 (Print) Opinion Vol. 3, No. 1, June 2013.

2.3 The broad objective of this research is to identify the root causes of attrition and retention in BPOs, analyzing the level of employee motivation, satisfaction and involvement, generate a model for maximizing sustenance of employees in the organization and come up with concrete recommendations, which will eventually be valuable to the organizations to retain their employees for a long term. Attrition and retention of employees in BPO sector Online International Interdisciplinary Research Journal, {Bi-Monthly}, ISSN2249- 9598, Volume-III, Issue-VI, Nov-Dec2013.

2.4 Vibha Gupta<sup>1</sup> (2013) opines that attrition is very dangerous word now a days for any organization those are working like BPO's, because staff attrition (or turnover) and absenteeism represents significant costs to most organizations. It is odd, therefore, that many organizations neither measure such costs nor have targets or plans to reduce them. However, it seems to be one of the areas in which HR can make a difference and one that can be measured in quantifiable, financial terms against targets. The study is focused on recruitment and retention challenges that the IT/BPO industry currently faces and to examine ways to reduce high turnover rates among first year Employees in the leading Domestic Call Center based in Indore. According to the Department of Human Resources (M Source BPO, Indore), turnover rates for permanent Agents/Executives were 15.6% in 2009 and 35% in 2012. Department of Human Resources which also tracks attrition of temporary employees measured the turnover rate for temporary employees to be 77% in 2012. The monetary cost of such high turnover is enormous.

2.5 B. Latha<sup>2</sup> (2013) has conducted the study to find out the reasons behind the increase in attrition rate in BPO sector and to find out the ways of retention strategies. It is found that the most of the employees working BPO sectors are expecting better salaries, job security, flexi working hours and compatible policies. So organizations should concentrate on these matters to retain the employees

2.6 Priti Suman Mishra has observed that keeping people is arguably the most challenging aspect of running a business today. The answer lies in the fact that there is no one set of answers. People are different, so their reasons for doing anything are different. Our study reveals that while salaries, perks. Challenges, designations, foreign assignments may drive people for some time; most of the people also seek stability for themselves. Therefore, an HR manager needs to identify and create systems and processes that will retain employees. In order to be able to implement effective retention strategies the first step should be to



understand the scope of the retention problem that is unique to one's organization. The target group, which is crucial to the company's operations and success, should be identified and the strategies are directed appropriately. It is a paradox that the companies which invest heavily in recruitment and development and make a good job at that, are level to more risk of boil. A sound sensing and tracking system to assess the volume and causes of attrition by performance level could be useful. The ability to identify good performers, who are flat to leave for any job or management, related issues and timely intervention to address these issues, could be effectively find solutions Priti Suman Mishra "Increasing rate of attrition in BPO" Management and labor studies Vol. 32 No. 1, February 2010.

2.7 Deepa,<sup>3</sup> (2012) The objective of this article is to find the level of job satisfaction, safety measures, retaining the employees, working conditions & work load and its reason for Employees Turnover in IT Industries. The employee turnover springs up as a vital issue in IT businesses. The researchers had taken 250 respondents as their sample size from universe and descriptive research design was adopted. This research study uses various methods to analyze the reasons and causes for employee turnover in IT businesses. The tools used are Chisquare analysis, weighted average method, T-test and F-test. Based on the analysis and interpretation, it is inferred that the IT Industry has to implement the Retention Plan by compensation Policies, Changes in work Requirements & improvement in working conditions.

### 3] OBJECTIVES OF THE STUDY

- ✎ To study the causes/reasons for alarming attrition which is backfiring BPO industry
- ✎ To study the Impact of attrition on Indian BPO industries.
- ✎ To propose remedial measures to control the attrition

#### 3.1] SCOPE OF THE STUDY

The BPO sector has altered the working of the traditional industries and has greatly influenced the youth of the country. The sector has also provided the government enough confidence in continuing Economic liberalization. The scope of this paper is to argue to need for more and continued robust discourse on the challenges faced by Indian BPO's and Actions to be adopted. The study is conducted triggering the BPO industry in Nagpur city.

### 3.2] PROBLEM OF THE STUDY

The BPO sector is one of the keys to the structural changes in the Indian economy. The ability of the BPO companies to compete with global companies and their focus on performance and quality has rubbed off on the traditional industries. BPO jobs have given the Indian youth a new found confidence and spending power. The days of an uncertain future for graduate students are a thing of the past. Now the most difficult decision is choosing between an Indian or multinational BPO. But still the **Indian BPO Industry is backfired by alarmingly high attrition**. The researcher therefore tries to study the causes and most importantly the mitigation action to control alarming attrition.

## 6] RESEARCH METHODOLOGY:

### 6.1 Research Design:

The researcher has used **Descriptive study** for the research. Descriptive research, also known as statistical research, describes data and characteristics about the population or phenomenon being studied. The best approach, prior to writing descriptive research, is to conduct a survey investigation. Qualitative research often has the aim of description and researchers may follow-up with examinations of why the observations exist and what the implications of the findings are.

### 6.2 SAMPLE DESIGN:

100 employees of different BPO organizations in Visakhapatnam were selected for the purpose of the study.

### 6.3 Sampling Technique:

A simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). Each individual is chosen randomly. A simple random sample is an unbiased surveying technique. Simple random sampling is a basic type of sampling, since it can be a component of other more complex sampling methods. The principle of simple random sampling is that every object has the same probability of being chosen.

### 6.4 SOURCES OF DATA:

The study has been based on primary data collection. Primary research consists of a collection of original primary data collected by the researcher. It is often undertaken after the researcher has gained some insight into the issue by reviewing secondary research or by analyzing previously collected primary data. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for statistical analysis of the responses.

The present study made use of both primary and secondary sources of data. The sources of secondary data include reports from NASSCOM, and the reports from BPOs under study.

## 7] EMPIRICAL DATA CAUSES FOR HIGH ATTRITION

The below table describes that we took feedback from 100 employees from various BPOs at Nagpur. We tabulated in a single window and texted with interpretations.

Sr. No.	Causes of Attrition	No of respondents	Agree	Neutral	Disagree	Percentage
1	Work-life imbalance	100	50	36	14	100
2	Job stress	100	82	18	0	100
3	Achievement not recognized	100	70	28	2	100
4	Improper Work Timings	100	35	44	21	100
5	Lack of career opportunities	100	64	25	11	100
6	Health problems	100	90	10	0	100
7	Job dissatisfaction	100	76	15	9	100
8	No Role clarity	100	11	35	54	100
9	Not satisfied salary	100	76	6	18	100
10	Lack of job security	100	52	8	40	100
11	Promotions are less	100	38	21	41	100
12	Further education	100	32	42	26	100
13	Lack of Opportunity to use your abilities and skills	100	81	7	12	100
14	Lack of benefits provided(poor quality of cabs used for drop, poor canteen facilities, unhygienic food)	100	12	20	68	100
15	Conflict with Superior	100	63	18	19	100
16	Professional learning and growth opportunities are limited	100	52	20	28	100

### 7.1 Interpretation:

From the above table it is clearly observed that 64% of the employees leaving out from BPO sector are for better career opportunities. 76% of the employees are expressing their dissatisfaction on salary and improper hikes in the job. 82% of the employees are stating that job stress is the reason for high attrition. 90%



Employees are suffering health issues such as Musculoskeletal pain, back pain, Hypertension problem, Depression, obesity problem, Eye sight problem and gynec problems. 52% of the employees express their dissatisfaction towards lack of security in the job. 52% of the employees express that Professional learning and growth opportunities are limited in BPO. Achievements are not recognized timely and properly are also cause of attrition by 70% employees. It is clearly identified from the above table there are certain predominant factors that are causing high attrition rates in the BPO sector.

## 7.2] CAUSES OF ATTRITION

- Lack of a Well-Defined Career Path
- High Levels of Stress
- Desire to Pursue Higher Education
- "Low" Brand Image Associated With a BPO Job
- Lack of Work-Life Balance
- Relationship with Managers
- Under-Utilization of Talent & Skill
- Lack of Clarity About Expectations
- Lack of an Effective Appraisal System

## 8] REMEDIAL / MITIGATION ACTIONS:

- ✓ Paving a Well-Defined Career Path
- ✓ Helping Employees With Stress Management
- ✓ Encouraging Employees to Pursue Higher Education
- ✓ Bolstering the Feeling of Importance Among Employees
- ✓ Helping the Employee Maintain a Work-Life Balance
- ✓ Improving Superior-Subordinate Relationship
- ✓ Proper Utilization of Talent & Skill
- ✓ Re-structuring the Performance Appraisal System
- ✓ Taking Up the Cause of Women in the BPO sector
- ✓ Designing Better Training Models
- ✓ Weaning Away the De-Motivators
- ✓ Providing a Channel of Feedback

## 9] CONCLUSION:

The issues discussed above do not form an exhaustive list. There maybe other factors which influence employee attrition in BPOs, but the key issues have been addressed. The HR professionals in

BPO should not adopt a straight-jacketed approach to solve these issues. They should rather be flexible with the approach and update it time and again based on employee feedback received through employee surveys. Actions speak louder than words. Even the best of corporate strategies fail to give the desired results when the plans are not implemented with due diligence. The key concern of employee attrition in BPOs can be addressed by designing a comprehensive action plan and an effective implementation of the same. From the study it is identified that lack of growth opportunities, salary, job stress, job dissatisfaction are the predominant factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new and innovative training programs. The company should also think of recruiting people who are in the vicinity of the industry so that the family related problems will not lead to attrition.

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